

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6883

BILL NUMBER: HB 1220

NOTE PREPARED: Feb 24, 2006

BILL AMENDED: Feb 23, 2006

SUBJECT: Local Engineering and Professional Investigation Funds.

FIRST AUTHOR: Rep. Reske

FIRST SPONSOR: Sen. Meeks

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) *Professional Investigative Funds*: The bill establishes fees to be assessed against registered: (1) architects and landscape architects; (2) land surveyors and land surveyors in training; and (3) professional engineers and engineering interns; at the time of issuance and renewal of certificates of registration, and requires the fees to be deposited in the investigative funds for the respective professions.

Real Estate Brokers, Salespersons, and Appraisers Investigative Fee: The bill provides that the investigative fund fees for real estate brokers, salespersons, and appraisers may not exceed twenty dollars (\$20).

Effective Date: (Amended) Upon passage; July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues: *Professional Investigative Funds*: This provision creates investigative fund fees that are in addition to the normal registration fees, to fund the investigations of registered: (1) architects and landscape architects; (2) land surveyors and land surveyors in training; and (3) professional engineers and engineering interns. The fees may be up to \$20 and are to be used for hiring staff to enforce the affected registration laws and investigate the registered professionals.

The Professional Licensing Agency reported that there were approximately 4,074 architects and landscape architects, 987 land surveyors and land surveyors in training, and 13,026 professional engineers and engineering interns registered as of September 2005. If all 18,087 registrations are renewed and a \$20 fee is paid for each renewal, nearly \$362,000 would be generated and placed in the respective investigative funds.

Both the surveyors and professional engineers will renew their registrations in July 2006. Architects and landscape architects will not renew their registrations until November 2007. Additional revenue would also be generated from initial registrations. The actual amount of revenue generated will depend on the level at which the fee is set and the number of registrations that are applied for or renewed.

Background Information: P.L.194-2005 created investigative funds for the Attorney General, along with the Board of Registered Architects & Landscape Architects, Board of Registration for Professional Engineers, and the Board of Registration for Land Surveyors to hire investigators and other employees to enforce the laws governing the boards' professionals.

Money in the investigative funds does not revert to the General Fund at the end of the fiscal year. However, any amount remaining over \$500,000 at the end of the fiscal year after all expenses are made must be reverted to the General Fund. This amount is dependent on the actual fees charged and the expenses created by additional staff hired. Current statute also provides that money in the funds is continually appropriated for use by the Attorney General and the Professional Licensing Agency.

(Revised) *Real Estate Brokers, Salespersons, and Appraisers Investigative Fee:* The Real Estate Commission and Real Estate Appraiser Licensure and Certification Board charge real estate appraisers, brokers, and salespersons a \$10 Investigative Fund fee, the maximum amount allowed by current statute. The money is deposited in the Investigative Fund for real estate appraisers, brokers, and salespersons and is to be shared equally between the Attorney General and the Professional Licensing Agency in administering the purpose of the fund.

This bill would increase the maximum limit from \$10 to \$20. The fiscal impact of this provision will depend on future Commission action to set the fee.

Background Information: According to the Professional Licensing Agency, there were more than 50,500 appraisers, brokers, and salespersons certified or licensed in Indiana as of September 2005, and at the end of FY 2005, approximately \$176,000 had been deposited in the Investigative Fund. Both appraisers and brokers pay their renewal fees in even-numbered years, and salespersons pay their renewal fees at the end of odd-numbered years. If all 50,500 appraisers, brokers, and salespersons paid their renewal fees at the same time, approximately \$1 M would be generated from a \$20 Investigative Fund fee.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Licensing Agency; Attorney General.

Local Agencies Affected:

Information Sources: Professional Licensing Agency; Indiana Auditor of State.

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